

ACTIVITY GROUP CAPITAL INVESTMENT JUSTIFICATION (\$ in Thousands)							A. Budget Submission FY2005 Budget Estimates		
B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 01 MATERIAL HANDLING EQUIPMENT (FORLIFTS)			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
01 MATERIAL HANDLING EQUIPMENT (FORLIFTS)	VAR	VAR	1,039	VAR	VAR	1,206	VAR	VAR	1,015

Narrative Justification:

This program funds the procurement of new/initial outfitting and replacement of Material Handling Equipment (MHE) and Automated Material Handling Systems (AMHS) to satisfy operational requirements within the Navy Supply System. Replacement MHE is for overaged non-repairable equipment used in material handling operations at various activities. With a large inventory of equipment at the various FISCs there will always be units eligible for replacement through procurement. If fully supported, this funding will allow the Navy to develop the right mix of new procurements, resulting in overall requirement reductions, and resolving the problem of trying to maintain old equipment at high maintenance cost and reduced state of readiness. MHE funding limitations in past years has precluded the purchase of required MHE planned for issue. We can not emphasize enough that this is a continuing program and one year builds on the next. Delaying any funding only postpones the inevitable requirement to procure a new unit at a higher cost. Supply readiness and logistical support are dependent upon the availability of reliable MHE. In the past we have been able to make up any shortfalls in funding by utilizing surplus equipment, however, this avenue is slowly drying up. Non-repairable equipment is not cost effective to maintain for continued operation, and repair parts are difficult to obtain. Replacement of non-repairable equipment with new and more efficient models will reduce excessive costs attributed to repair/overhaul, downtime and maintenance. New equipment will enhance productivity and enable users to meet handling and logistics requirements in an efficient and effective manner. For these reasons it is essential to maintain a funding to cover procurement of new equipment as required.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 02 CIVIL ENGINEERING SUPPORT EQUIPMENT			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
02 CIVIL ENGINEERING SUPPORT EQUIPMENT	VAR	VAR	390	VAR	VAR	793	VAR	VAR	807

Narrative Justification:

NAVSUP is responsible for replacing and maintaining aging Civil Engineering Support Equipment (CESE) necessary for Logistics Service Center (LSC) support, Fleet Industrial & Supply Center (FISC) operations, Special Material Logistics support, Fuel Depot operations throughout the claimancy. This equipment is necessary to maintain and improve the working conditions and assist NAVSUP operations employees. Safety, reliability, maintenance cost and customer support are directly impacted by age and condition of this equipment. Examples: 20 ton Semi trailer stake 2 axle, 20 ton Semi trailer van 2 axle.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 07 INFORMATION TECHNOLOGY (BLC)			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
07 INFORMATION TECHNOLOGY (BLC)	VAR	VAR	2,000	VAR	VAR	1,806	VAR	VAR	1,286

Narrative Justification:

Information Technology provides the information technology (IT) tools and related services that are required to refresh and support the NAVSUP corporate IT infrastructure. This infrastructure consists of various hardware and software components and support services. Included are: MID Tier Management software, NAVSISA test and development environment, some mid-tier application hosting, Legacy Network Administration, infrastructure training and associated peripherals. Information Technology pays for the procurement and follow-on maintenance of this hardware. Information Technology also maintains support of corporate software licenses. These licenses have wide applicability across the claimancy and are deemed to be more efficient if managed centrally. Included are licenses for: Oracle database, Novell network, E.Power, Lotus Notes applications, Webmethods enterprise application integration, Cognos data warehouse, Microsoft operating system and office, and other minor software suites. Supports Implementation and maintenance of the IT Risk Assessment Program, IT Lifecycle Evaluation System and the expansion of the existing corporate reporting systems to include IT performance metrics. Supports the annual IT Leadership/Training conference to include hosting, travel, and appropriate technical consulting and facilitating services. Finally, Information Technology contracts for services including technical consulting services from Gartner Group or Meta Group and general technical support. ITS supports InforM-21 with Informatica Software. ITS includes licenses and license maintenance for the Central Design Agency's Architectural Support.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 08 NAVSISA EQUIPMENT			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
08 NAVSISA EQUIPMENT	VAR	VAR	250	VAR	VAR	500	VAR	VAR	500

Narrative Justification:

NAVSISA - Funds provide support to the Navy Supply Information Systems Activity (NAVSISA) Legacy/Non-NMCI Network Plan. As part of the plan, NAVSISA is upgrading its network which will replace obsolete ADP equipment in order to provide an environment for client/server development. A variety of PC hardware platforms currently exist in NAVSISA which prevents deployment of the development tools needed to maintain its competitiveness. Upgrading and standardizing hardware infrastructure will allow NAVSISA to use the network to deploy the latest legacy/non-NMCI software products.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 10 ASSET VISIBILITY INITIATIVES			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
10 ASSET VISIBILITY INITIATIVES	VAR	VAR	1,003	VAR	VAR	1,588	VAR	VAR	1,270

Narrative Justification:

ASSET VISIBILITY INITIATIVES: Reengineered processes to ensure accountability and visibility of in-transit material from Proof-of-Issue to Proof-of-Receipt. This includes substantial reprogramming to access various legacy systems for validation data and development of the Supply Discrepancy Reporting (SDR) System. The initiatives will age records, and "gate" or segment the process to track in-transit inventory. These initiatives have Congressional interest. Associated functionality is primarily the new AUTORODs and Material In-Transit (MIT) capability. The effort also includes budget requirements for support and causative research and analysis of SIT and MIT write-offs. In addition, the initiatives are an open system architecture that can be used to rapidly incorporate or modify system software. Using a WEB-Based Client Server format/architecture facilitates Navy efforts to gain visibility and automated access into commercially repaired assets. Inclusion of EC/EDI ANSI X12 transaction capabilities allows use for DVD/PBL vendors and PICA/SICA activities. Additionally, integration of In-transit information are critical and provide a complete picture to our customers. Modifying/upgrading systems to allow us to fully utilize/interface with this new capability/information as well as integrating our asset visibility efforts with DoD efforts.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 11 FINANCIAL INITIATIVES			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
11 FINANCIAL INITIATIVES	VAR	VAR	1,264	VAR	VAR	1,464	VAR	VAR	1,245

Narrative Justification:

MFCS is the Navy's premier Inventory and Financial Accounting system for Wholesale and Retail inventories within the Navy. The MFCS Program consists of several individual projects: Retail Ashore; Retail Afloat; and PX02/04/06. The system is jointly owned by NAVSUP (51%) and DFAS (49%). The MFCS Program seeks to accomplish several goals to include: meeting Congressional CFO compliance standards; standardize financial business practices for NWCF material ashore and afloat, retail and wholesale; replace legacy accounting systems; centralize accounting processes at NAVICP; support Total Asset Visibility initiatives; and provide a stepping stone for ERP financials. Most of the program has already been implemented...the last piece implemented being PX02/04 in June 2000... with the Retail Ashore project being rolled out in FY02 and FY03. Future development efforts include moving the afloat community into PX02/04 for Allotment Accounting/Expenditure Processing, several large projects deferred at PX02/04 implementation, and smaller PX02/04 projects to enhance both Retail and Wholesale functionality. End state - MFCS supports the NAVSUP ERP initiative by consolidating accounting/financial systems into something that is easier to convert to SAP. Benefits of centralized accounting under MFCS include: eliminating redundant systems; improving retail in-transit tracking; reduced ops cost; better metrics/control; and early detection of supply/financial disconnects.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 12 INFORM-21			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
12 INFORM-21	VAR	VAR	964	VAR	VAR	1,227	VAR	VAR	1,269

Narrative Justification:

InforM-21 provides the Information Technology (IT) decision support data warehouse infrastructure to support the NAVSUP claimancy. The Data Warehouse will include data from both Mechanicsburg and Philadelphia operational systems, as well as RSupply and other stock point systems when it is fully populated. It will include the infrastructure to support FISCMS and TLOD. Eventually, this effort will replace the existing decision support systems distributed throughout the claimancy, since the current decision support systems cannot and do not consider the impact of their decision recommendations on other functional areas within the enterprise. The InforM-21 data warehouse effort will support process improvements and new business processes obtained through the purchase of commercial-off-the-shelf (COTS) software.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 13 INTEGRATED DATA ENVIRONMENT			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
13 INTEGRATED DATA ENVIRONMENT	VAR	VAR	1,262	VAR	VAR	1,504	VAR	VAR	1,532

Narrative Justification:

The Integrated Data Environment (IDE) provides the corporate Information Technology (IT) data infrastructure to support the Naval Supply (NAVSUP) day-to-day business. It will bring together the pieces of data we collect and compute in our IT systems to create information. Additionally, it will create the standards by which we will share data outside the command. Standard documented data views and exchange procedures will be used for current and future interfaces.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 14 ONE TOUCH V3.2			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
14 ONE TOUCH V3.2	VAR	VAR	2,558	VAR	VAR	4,134	VAR	VAR	3,915

Narrative Justification:

Enables a customer to use internet technology to access the broad scope of the Navy/DOD supply system to locate available stock, enter requisitions, perform technical screening functions and check on requisition status. Through One Touch, the user has virtual access to all Navy-authorized supply sources using a single Password using commercially-available PKI technology. Integration of the Regional One Touch site will improve system security and make access seamless to all Region-unique functions, e.g., direct sales from local vendors and service providers.

In support of the mandated transition of the Navy's supply chain from an inventory based, batch processing system to a velocity-based, electronic commerce system, we must implement modern state of the art business to business (B2B), and business to customer (B2C) tools which provide us with the capability to track requirements for our customers from generation to fulfillment and eliminate some of the corporate infrastructure which currently sits between our customers and our suppliers. We anticipate standing up a corporate web-based order fulfillment system which will enable our customers to communicate directly with any required suppliers, providing us with increased corporate knowledge of the customer requirements and facilitating the collaborative forecasting and procurement for common needs across a widely divergent customer base. This commercially developed and commercially hosted application will allow us to build and maintain a state of the art fully automated electronic supply chain for US Navy customers and suppliers. With an extended supply chain which reaches into the customer's and supplier's information systems, a business environment capable of true data sharing is imperative.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 17 ENTERPRISE RESOURCE PLANNING			D. Activity Identification NWCF		
	FY 2003			FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
17 ENTERPRISE RESOURCE PLANNING	VAR	VAR	59,207	VAR	VAR	33,367	VAR	VAR	-

Narrative Justification:

SMART Sustainment: The Navy has completed an initial examination of its logistics infrastructure and associated processes to ascertain ways to improve and reduce costs while maintaining/improving support to the warfighter. We have found that commercially available Enterprise Resource Planning (ERP) programs have potential applicability for the Navy. The Navy needs to further examine private sector capabilities to determine/demonstrate their feasibility and applicability to its logistics, supply and maintenance chains. The purpose of this project is to acquire the commercial expertise and to demonstrate the feasibility and applicability of ERP programs to the Navy aviation supply chain and maintenance areas by conducting a study and pilot project. To best support the war-fighter and make optimum use of limited support resources, the Navy logistics community intends to identify changes that: (1) Best integrate and coordinate Navy supply chain and maintenance management processes, (2) Enhance and integrate the Navy's ability to manage and control supply chain processes, products, services and information from end to end, and (3) Optimize inventory levels to provide effective readiness at the best value.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 18 CORPORATE DATA MANAGEMENT			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
18 CORPORATE DATA MANAGEMENT	VAR	VAR	338	VAR	VAR	-	VAR	VAR	-

Narrative Justification:

Corporate Data Management (CDM) provides the data administration infrastructure to support NAVSUP Corporate Re-engineering and day-to-day business. The effort provides a web-enabled and accessible logical data model and data dictionary, and a Metadata Repository to support NAVSUP's information requirements, including a repository of accesses to those data stores which NAVSUP does not own, but in which we have an interest, resulting in customer access to comprehensive, integrated, quality data from dispersed sources.

Related efforts include:

Corporate Informations System: supports executive information used to provide decision support capabilities for Key Indicator briefings which provide metric information to the corporate board monthly. Collecting information from nearly all supply related data bases in order to determine DLA and ICP effectiveness, material availability and supply readiness. The effort provides extensive on-line help available to assist users with any questions they may have on the various indicators or system usage and provides a common interface and standard set of metrics for NAVSUP and the Navy Logistics community.

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B. Component/Business Area/Date Navy/Supply Management/February 2004				C. Line No. & Item Description 20 MINOR CONSTRUCTION			D. Activity Identification NWCF		
FY 2003				FY 2004			FY 2005		
Element of Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost	Quantity	Unit Cost	Total Cost
20 MINOR CONSTRUCTION	VAR	VAR	1,238	VAR	VAR	2,259	VAR	VAR	2,328

Narrative Justification:

NAVSUP, as the maintenance UIC for all facilities occupied and operated by NAVSUP employees, is responsible for Real Property Maintenance (Minor Construction portion) of facilities occupied and operated by NAVSUP. These projects are necessary to maintain and improve the working conditions for NAVSUP claimancy employees. Projects include Minor Construction requirements of facilities maintenance as well as Quality of Life and correction of Safety deficiencies. Minor Construction funding requested supports the overall RPM objectives of the NAVFAC recommended maintenance spending limits of between 2% to 4% annually based on the associated property values. Each minor construction project must be less than \$500,000.